

## Message Text

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53

ACTION NEA-10

INFO OCT-01 ISO-00 PM-04 NSC-05 SP-02 SS-15 L-03 MC-02

IGA-01 AID-05 CIAE-00 INR-07 NSAE-00 TRSE-00 AS-01

/056 W

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R 170930Z NOV 75

FM AMEMBASSY ABU DHABI

TO SECSTATE WASHDC 3566

INFO AMEMBASSY AMMAN

MAP AMMAN

SECDEF WASHDC

C O N F I D E N T I A L ABU DHABI 2362

E.O. 11652: GDS

TAGS : MASS, TC, JO

SUBJECT : PAYMENT SCHEDULE FOR FMS TO JORDAN

REF: STATE 266004

1. I CALLED ON JOHN BUTTER NOV. 16 TO TAKE UP QUESTION OF PAYMENT SCHEDULE FOR JORDAN FMS CASE. I REVIEWED WITH HIM VERY CAREFULLY MATERIAL IN REFTEL TO SUPPORT OUR POSITION THAT NEXT PAYMENT SHOULD BE MADE IN DECEMBER AND TO EXPLAIN WHY LAST PAYMENT, DUE NEXT YEAR, WILL BE HIGHER THAN THE FIGURE FOR PREVIOUS INSTALLMENTS. ALTHOUGH BUTTER INITIALLY ADAMANTLY TOOK POSITION THAT CLOCK ON SUCH CONTRACTS SHOULD START TICKING WHEN INITIAL DOWN PAYMENT IS MADE, AND CITED LETTER HE RECEIVED FROM CHARGE GRIFFIN IN 1974 AS SEEMING TO CONFIRM THIS, HE FINALLY APPEARED TO ACCEPT MY ARGUMENT THAT SCHEDULE OF PAYMENTS WAS BASED NOT ON DATE INITIAL PAYMENT WAS MADE BUT RATHER ON DATE OF ACCEPTANCE BY GOVERNMENT OF JORDAN, WHICH IN THIS CASE WAS DECEMBER 21, 1973. HOWEVER, BUTTER REMAINS UPSET THAT BOTH COPY OF AMBASSADOR TAJIR'S LETTER TO DEPARTMENT OF ARMY WHICH HE HAS IN HIS FILE AND GRIFFIN'S LETTER LEFT HIM UNDER THIS MISAPPREHENSION. HE ACCORDINGLY BUDGETED FOR THE FOURTH PAYMENT TO BE MADE IN 1976. HE SAID HE WAS WILLING TO TAKE UP WITH HABROUSH THE POSSIBILITY OF MAKING PAYMENT WHICH HE THOUGH  
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DUE ON FEBRUARY FIRST OF NEXT YEAR AS EARLY AS POSSIBLE IN JANUARY

(PRESUMABLY JANUARY 2 SINCE FIRST WILL BE BANK HOLIDAY), BUT HE WOULD NOT WISH TO MAKE THIS PAYMENT IN 1975- 8,:3 HE HAS NOT BUDGETED FOR IT AND IT IS NOT IN HIS VIEW NEGLIGIBLE SUM.

2. WITH RESPECT TO REASONS FOR LARGER FINAL PAYMENT, BUTTER SAID HIS ONLY AUTHORIZATION TO PAY OUT MONEY CONSISTS OF TAJIR'S LETTER TO ARMY WHICH STATES THAT UAEG HAS UNDERTAKEN TO PAY TOTAL OF \$42,327,929 ON THIS CONTRACT. ANNEX ATTACHED TO LETTER SPECIFIES AMOUNTS OF EACH PAYMENT AND AGAIN LISTS \$42,327,929 AS TOTAL TO BE PAID, AND MENTIONS NOTHING, AS BUTTER POINTED OUT, ABOUT POSSIBILITY OF COST ESCALATION. I POINTED TO FINE PRINT OF CONTRACT DOCUMENT WHICH MAKES CLEAR THAT CONTRACT IS SUBJECT TO COST ESCALATION. BUTTER HAD NOT READ CONTRACT DOCUMENT CAREFULLY, AND UPON DOING SO IN MY PRESENCE, AGREED THAT THIS IS THRUST OF LANGUAGE IN CONTRACT. BUT HE MAINTAINED THAT HE IS GOVERNED BY TAJIR LETTER WHICH AS OF THIS MOMENT AUTHORIZES HIM TO PAY OUT \$42,327,929 AND NOT A PENNY MORE. IF TAJIR LETTER TO ARMY, WITH ITS SCHEDULE OF PAYMENTS, DID NOT ACCURATELY REFLECT OUR UNDERSTANDING OF PAYMENT OBLIGATIONS, WHY HAD WE NOT SO INFORMED UAEG LONG AGO? ASKED BUTTER. IF FINAL PAYMENT IS TO BE LARGER, BUTTER SAID HE WILL REQUIRE (1) WRITTEN AGREEMENT FROM THE JORDANIAN GOVERNMENT THAT IN ITS VIEW THE EXCESS IS LEGITIMATELY DUE THE USG ACCORDING TO ITS UNDERSTANDING OF THE CONTRACT; (2) SHAIKH ZAYID'S AGREEMENT THAT IT SHOULD BE ABU DHABI, RATHER THAN THE GOVERNMENT OF JORDAN, WHICH SHOULD PAY THE EXTRA AMOUNT.

3. I ASKED BUTTER IF HE WOULD PROCEED AS PROMPTLY AS POSSIBLE TO GET THESE ASSURANCES WITH RESPECT TO THE LARGER FINAL PAYMENT, AND HE UNDERTOOK TO DO SO. AT SAME TIME I AGREED TO SEEK WASHINGTON'S VIEWS ON WHETHER FOURTH PAYMENT CAN BE MADE ON JANUARY 2, 1976.

4. ACTION REQUESTED: WOULD APPRECIATE STATE/DEFENSE RESPONSE SOONEST WITH RESPECT TO TIMING OF FOURTH PAYMENT. BUTTER IS WILLING TO ACCOMMODATE US BY MOVING PAYMENT FORWARD BY FULL MONTH, BUT HE IS STRONGLY NEGATIVE ABOUT MAKING A PAYMENT THIS YEAR. IN VIEW OF FACT HE WAS GENUINELY MISLED BY DELAYED FIRST PAYMENT, I RECOMMEND THAT WE AGREE TO HIS PROPOSAL FOR JANUARY 2 PAYMENT. CONFIDENTIAL

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** AGREEMENTS, MILITARY SALES, DEBT REPAYMENTS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 17 NOV 1975  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** KelleyW0  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
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**Drafter:** n/a  
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